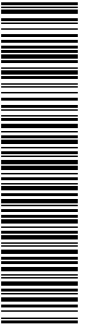


An act to add Section 7102.1 to, and to add and repeal Section 6357.4 of, the Revenue and Taxation Code, relating to taxation.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 6357.4 is added to the Revenue and Taxation Code, to read:

6357.4. (a) On and after July 1, 2022, and before July 1, 2023, there are exempted from the taxes imposed by this part the gross receipts from the sale of, and the storage, use, or other consumption in this state of, diesel fuel, as defined in Section 60022.

(b) (1) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exemption established by subdivision (a) does not apply with respect to any tax levied pursuant to, or in accordance with, either of those laws.

(2) Notwithstanding subdivision (a), the exemption established by this section shall not apply with respect to any tax levied pursuant to Section 6051.2, 6051.8, 6201.2, or 6201.8, pursuant to Section 35 of Article XIII of the California Constitution, or any tax levied pursuant to Section 6051 or 6201 that is deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6051.15 or 6201.15.

(c) This section shall become inoperative on July 1, 2023, and as of that date is repealed.

SEC. 2. Section 7102.1 is added to the Revenue and Taxation Code, to read:

7102.1. (a) On and after January 1, 2023, and before January 1, 2024, the California Department of Tax and Fee Administration, with the concurrence of the Department of Finance, shall, on a quarterly basis, estimate the revenues, less refunds, that, if not for Section 6357.4, would have been derived under this part at the 4 $\frac{3}{4}$ -percent rate, excluding the portion of the 4 $\frac{3}{4}$ -percent rate that is deposited in the State Treasury and credited to the Local Revenue Fund 2011 pursuant to Section 6051.15 or 6201.15, from the imposition of sales and use taxes on fuel, as defined for purposes of the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001)).

(b) The Controller shall, on a quarterly basis, transfer the estimated amount from the Retail Sales Tax Fund to the Public Transportation Account, a trust fund in the State Transportation Fund.

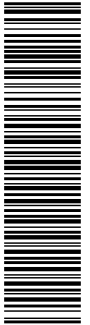
(c) The quarterly estimates required by subdivision (a) shall be based on taxable transactions from July 1, 2022, to June 30, 2023.

SEC. 3. (a) For purposes of complying with Section 41 of the Revenue and Taxation Code with respect to Section 6357.4 of the Revenue and Taxation Code, as added by this act, the Legislature finds and declares that the purpose of the exemption allowed by Section 6357.4 of the Revenue and Taxation Code is to provide financial relief to California businesses and residents that use diesel fuel.

(b) The performance indicators for the Legislature to use in determining whether the exemption achieves its stated goals shall be the total gallons of diesel fuel that were partially exempted from sales tax pursuant to this act, and the total dollar value of taxable diesel sales that were partially exempted from sales tax pursuant to this act.

(c) (1) The California Department of Tax and Fee Administration shall prepare a written report that includes both of the following:

(A) The total number of gallons of diesel fuel that were partially exempted from sales tax pursuant to this act.



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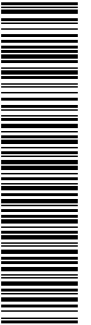
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(B) The total dollar value of taxable diesel sales that were partially exempted from sales tax pursuant to this act.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Sales and Use Tax Law: diesel fuel: exemption.

Existing sales and use tax laws impose taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from the taxes imposed by those laws.

This bill would, on and after July 1, 2022, and before July 1, 2023, exempt from those taxes the gross receipts from the sale of, and the storage, use, or other consumption of, diesel fuel, as defined.

Existing law imposes or dedicates certain state sales and use tax rates for local funding, including through the Local Revenue Fund 2011, and imposes certain additional state sales and use tax rates on the sale or use of diesel fuel.

This bill would specify that this exemption does not apply to those state sales and use tax rates imposed or dedicated for local government funding, including those rates for which revenues are deposited into the Local Revenue Fund 2011, or to those certain additional state sales and use tax rates on the sale or use of diesel fuel.

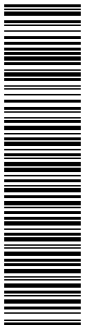
The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are automatically incorporated into the local tax laws.

This bill would specify that this exemption does not apply to local sales and use taxes or transactions and use taxes.

Existing law, pursuant to Proposition 116, as approved by the voters at the June 5, 1990, statewide general election, establishes the Public Transportation Account in the State Transportation Fund as a trust fund, with revenues derived from a portion of the sales tax on fuels to be used for mass transportation and transportation planning purposes authorized by the Legislature.

This bill would, on and after January 1, 2023, and before January 1, 2024, require the California Department of Tax and Fee Administration, with the concurrence of the Department of Finance, to estimate the amount of sales tax revenues foregone due to the above-described sales and use tax exemption, as described. The bill would require the Controller to transfer this estimated amount from the Retail Sales Tax Fund to the Public Transportation Account on a quarterly basis.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives the tax expenditure will achieve, detailed performance indicators, and data collection requirements.



The bill would provide findings to comply with the additional information requirement for any bill authorizing a new tax expenditure.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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